

Annual Report 2015/16



**MINISTER
OF GROWTH, ENTERPRISE AND TRADE**

Legislative Building
Winnipeg, Manitoba CANADA
R3C 0V8

Her Honour the Honourable Janice C. Filmon, C.M., O.M.
Lieutenant Governor of Manitoba
Room 235, Legislative Building
Winnipeg MB R3C 0V8

May it Please Your Honour:

It is my privilege to present for the information of Your Honour the Annual Report
for Entrepreneurship Manitoba for the fiscal year ended March 31, 2016.

Respectfully submitted,



original signed by
Cliff Cullen



Growth, Enterprise and Trade

Deputy Minister
Room 352
Legislative Building
Winnipeg MB R3C 0V8

Honourable Cliff Cullen
Minister of Growth, Enterprise and Trade
Room 358, Legislative Building
Winnipeg MB R3C 0V8

Dear Minister:

I have the honour to submit for your consideration the Entrepreneurship Manitoba Annual Report for the fiscal year ended March 31, 2016.

Entrepreneurship Manitoba continues to progress in the priority areas of improved service efficiency, rural outreach, enhanced online services, and the provision of programs and services that support Manitoba's business community. This report outlines the financial results, activities and achievements of the Agency during its third year of operation.

Respectfully submitted,

original signed by
James Wilson
Deputy Minister



Entrepreneurship Manitoba
910 – 259 Portage Avenue
Winnipeg MB R3B 2A9

James Wilson
Deputy Minister
Growth, Enterprise and Trade
Room 352, Legislative Building
Winnipeg MB R3C 0V8

Dear Mr. Wilson:

I am pleased to submit for your review Entrepreneurship Manitoba's Annual Report for the fiscal year ended March 31, 2016.

Entrepreneurship Manitoba provides an integrated suite of programs and services for entrepreneurs and businesses. In 2015/16 the Agency was successful in all facets of its service offerings.

In 2015/16 Entrepreneurship Manitoba generated an operating net profit before transfer of funds to the Province of \$3,637.

To support entrepreneurs in starting and growing their businesses, the Agency delivered 131 seminars to over 1,987 participants and further assisted 13,768 entrepreneurs through its business counselling services. Entrepreneurship Manitoba also facilitated 65 investments by business immigrants through its Business Settlement Office, creating 63 new jobs and retaining 122 jobs throughout Manitoba's communities. The total value of these investments is \$20.5M.

Demand for the Agency's Business Start Loan Guarantee Program remained strong. The financial program supported 47 new businesses through loan guarantees valued at \$1.3M, resulting in the creation of 151 new jobs in Manitoba.

To increase access to Entrepreneurship Manitoba's programs and services in the Pembina Valley, the Agency launched the Manitoba Business Gateway - Morden in October 2015. The Agency also continued to enhance its website by making business information, guides, online tools, and business training videos accessible to Manitobans throughout the province.

The Agency developed strategic service delivery partnerships in rural and northern Manitoba, increased services to Francophone entrepreneurs, increased adoption of the Business Number within the Manitoba Government, and continued advances in red tape reduction.

We look forward to building upon these positive achievements in 2016/17.

Sincerely,

original signed by

Harold Thomson
A / Chief Operating Officer



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Agency Overview and Historical Perspective

AGENCY OVERVIEW AND HISTORICAL PERSPECTIVE

HISTORICAL PERSPECTIVE

Entrepreneurship Manitoba began operations April 1, 2013, integrating the operations of the Companies Office, Manitoba Growth, Enterprise and Trade's Small Business Development Branch and Competitiveness Initiatives Branch, and the Business Settlement Office of the Business Immigration and Investment Branch.

Prior to being merged into Entrepreneurship Manitoba, the Companies Office had been a Special Operating Agency since April 1, 1996. The Companies Office's main function was to be a public registry of information filed under several Manitoba statutes.

Special Operating Agencies (SOAs) are service operations within government granted more direct responsibility for results and increased management flexibility needed to reach new levels of performance. Through strengthened accountability to their Minister and central government, they strive to improve the delivery of services by:

- ensuring operations are clearly defined and well understood;
- setting demanding performance goals and developing strategies for attaining them;
- applying the best public sector management practices; and
- monitoring performance to ensure continuous progress toward goals.

MANDATE

Entrepreneurship Manitoba has been established to provide an integrated suite of programs and innovative service improvements for entrepreneurs and businesses within the parameters of a special operating agency. Entrepreneurship Manitoba is responsible for the administration of the following Manitoba legislation:

- *The Partnership Act*
- *The Corporations Act*
- *The Business Names Registration Act*
- *The Electronic Commerce and Information Act*
- *The Ukrainian Catholic Incorporations Act*
- *The Religious Societies Land Act*
- *Manitoba Evidence Act (parts II and III) and*
- *The Franchises Act*

AGENCY MISSION STATEMENT

Entrepreneurship Manitoba's mission and goals are reflected in its mission statement:

To provide services to support and enhance the growth of Manitoba's entrepreneurial and business community.

AGENCY GOALS

The ongoing goals of the Agency are:

- To deliver timely and efficient company registry services.
- To provide counselling, training, financial, and related services to Manitoba's entrepreneurial and small business community.
- To champion and lead initiatives that streamline and improve the delivery of government services to entrepreneurs and businesses.
- To assist immigrant investors to integrate into Manitoba's economy.
- To accurately appoint and authenticate Notaries Public and Commissioners for Oaths consistent with existing legislation and mandates.

AGENCY VALUES

The Agency's values are:

- **Trust and mutual respect;**
- **Engagement of management and staff** to deliver excellent and innovative service to our clients;
- **Prudent stewardship of resources** in the best interest of the province and its citizens;
- **Service excellence** and a commitment to deliver timely, accurate and complete information and services in a courteous manner and by fostering and maintaining a client-centred focus throughout the organization, and;
- Improving services that are of the highest priority for entrepreneurs and business clients through **service innovation.**

STRUCTURE FOR OPERATIONS

ACCOUNTABILITY STRUCTURE

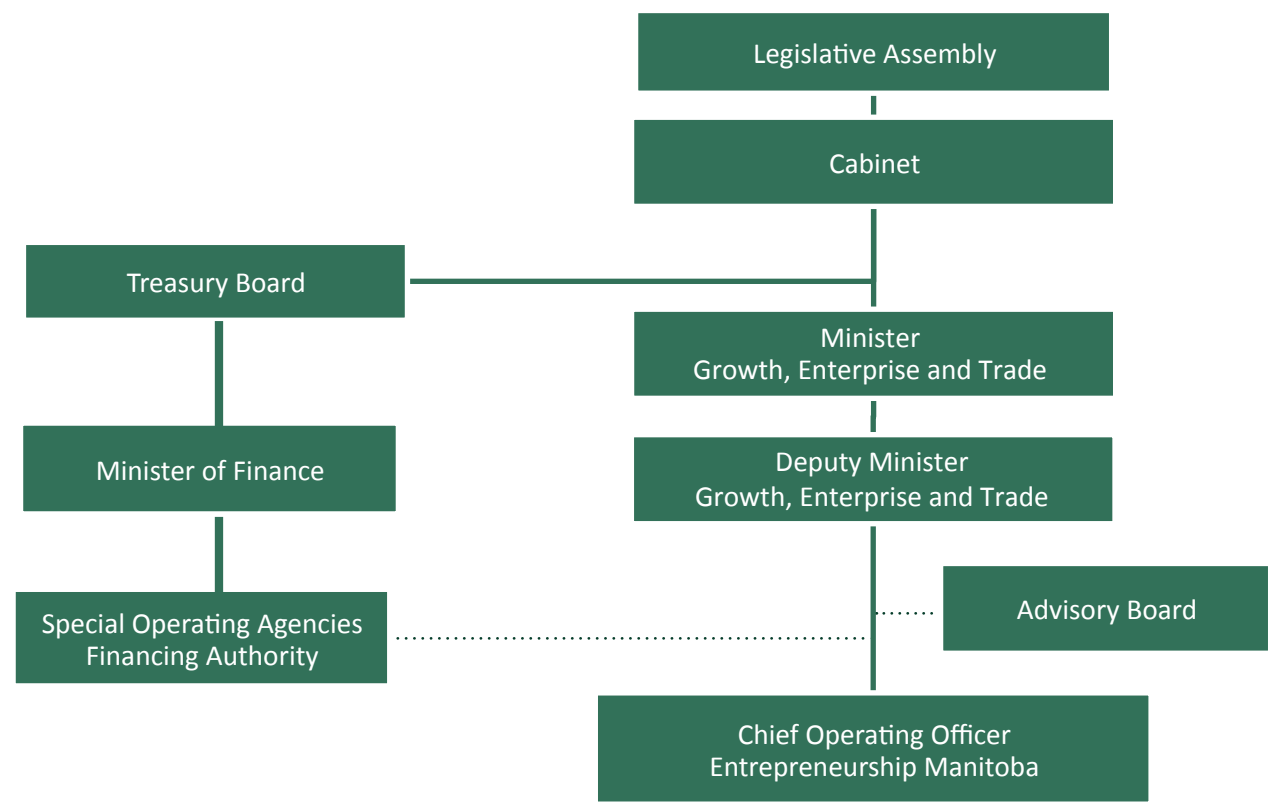
Entrepreneurship Manitoba reports directly to the Deputy Minister of Manitoba Growth, Enterprise and Trade, and is held accountable to the Minister for operational and financial performance.

The Agency operates outside of the Consolidated Fund under the Special Operating Agencies Financing Authority (SOAFA), which holds title to the Agency's assets, provides financing for operations, and is responsible for its liabilities.

Governance and accountability are substantiated by Entrepreneurship Manitoba's compliance with its *Operating Charter*, *Transfer Agreement*, applicable *General Manual of Administration policies*, and by *The Special Operating Agencies Financing Authority Act*. Financial and operational information and requirements are disseminated to and from Treasury Board through a Special Operating Agency Coordinator at Treasury Board Secretariat.

The Accountability Structure presented below outlines the structure as of March 31, 2016:

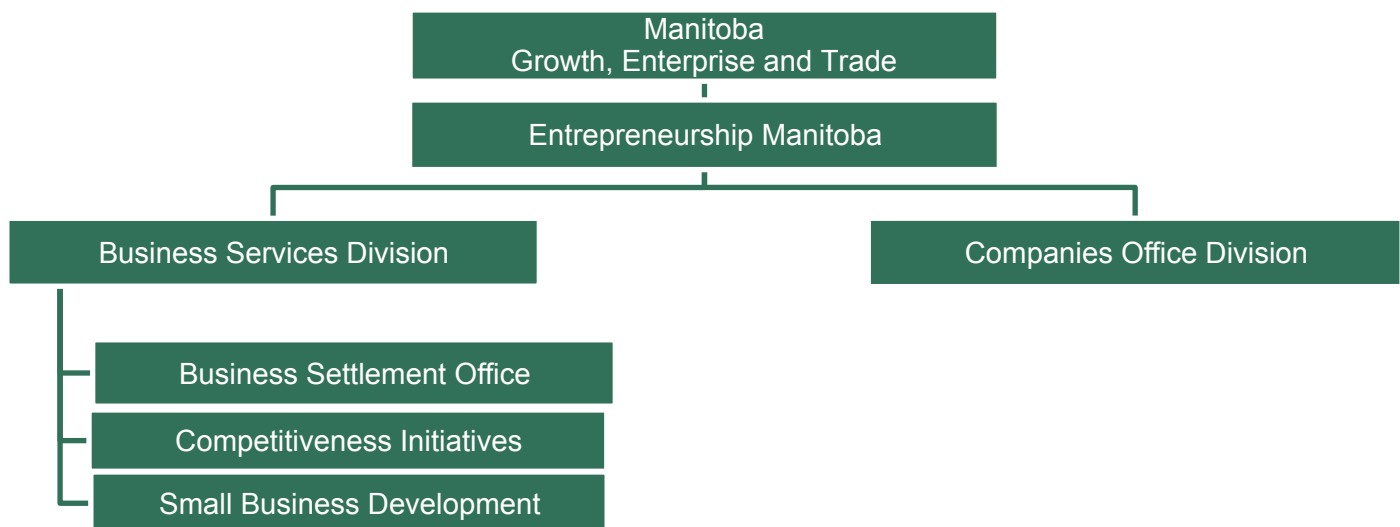
**ENTREPRENEURSHIP MANITOBA
ACCOUNTABILITY STRUCTURE CHART
MARCH 31, 2016**



ORGANIZATIONAL STRUCTURE

Entrepreneurship Manitoba is comprised of four functional areas which have been placed under two Divisions within the Agency; the Companies Office Division and the Business Services Division.

ENTREPRENEURSHIP MANITOBA ORGANIZATIONAL STRUCTURE CHART MARCH 31, 2016



Management & Administration

MANAGEMENT AND ADMINISTRATION

Entrepreneurship Manitoba's Executive Management Team consists of a Chief Operating Officer, a Chief Financial Officer, four Directors, and a Senior Manager.

Reporting to the Deputy Minister of Manitoba Growth, Enterprise and Trade, the Chief Operating Officer provides overall direction and guidance to the Agency.

Reporting to the Chief Operating Officer, the Chief Financial Officer is responsible of the implementation and effective management of the financial and comptrollership functions within the Agency.

Also reporting to the Chief Operating Officer, the four Directors are responsible for the day-to-day management of their respective functional areas.

ADVISORY BOARD

The Advisory Board provides advice on the Agency's strategic operations and on changes to its mandate, structure, business practices and finances. The Board also reviews and comments on the Agency's proposed business plan, quarterly and annual reports and charter revisions.

The Advisory Board is chaired by the Deputy Minister of Manitoba Growth, Enterprise and Trade (or designate) and may have representation from both government and non-government organizations. The Deputy Minister and Chief Operating Officer are ex-officio members of the Board. Other members are appointed by the Minister upon nomination by the chairperson.

Organizational Services

**Entrepreneurship Manitoba
provides registry and business
support programs and services
through the Companies Office and
the Business Services Division.**

ORGANIZATIONAL SERVICES

Entrepreneurship Manitoba provides registry and business support programs and services through two divisions.

COMPANIES OFFICE DIVISION

The Companies Office Division's main function is to act as a public registry of information filed under several statutes, including *The Partnership Act*, *The Corporations Act*, *The Business Names Registration Act*, *The Ukrainian Catholic Parishes Incorporation Act*, *The Manitoba Evidence Act (parts II and III)* and *The Religious Societies' Lands Act* for the Province of Manitoba.

The Companies Office provides the public with the following services:

- registration of companies, and updates to their status;
- review of proposed company names;
- search information on companies;
- instruction and guidance in filing documents;
- certificates and copies of documents required for legal purposes; and
- Notary Public and Commissioner for Oaths, appointments and authentication.

BUSINESS SERVICES DIVISION

The Business Services Division is responsible for the delivery of business support programs, services and initiatives that enhance Manitoba's entrepreneurial business community. In addition, the Division is responsible for the administration of *The Franchises Act* of Manitoba.

Business Counselling and Access to Business Information

The Business Services Division provides business information services, business counselling and advisory services, market research services, business skills development, the delivery of financial programs for business, and targeted support services to specific entrepreneur groups, including entrepreneurs with disabilities, aboriginal entrepreneurs and youth. Business information and counselling services are delivered to Manitoba's business community through several service delivery channels, including in-person, phone, online and email.

Entrepreneurial Skills Development

To further support business growth and sustainability and to improve entrepreneurial and management skills, the Business Services Division develops and delivers a wide range of business seminars and workshops for entrepreneurs. Entrepreneurial training is delivered in-person, through video-conferencing and online.

Business Settlement Services

Through the Agency's Business Settlement Office, the Business Services Division offers family settlement information and referral services, business counselling, post-landing case management, business education and networking opportunities. The Agency works closely with Manitoba Education and Training - Business Immigration and Investment and not-for-profit organizations, with the purpose of assisting immigration nominees through the initial stages of their integration in Manitoba.

Financial Programs for Business

To provide access to capital to entrepreneurs, the Business Services Division administers the Business Start Loan Guarantee Program, the Journeypersons Business Start Program and the Manitoba Film Loan Guarantee Program. In addition, the Division works closely with other government departments and non-governmental organizations, providing third-party application adjudication and processing services. Partnering programs include Manitoba Education and Training's Young Entrepreneurs Grant Program, Manitoba Growth, Enterprise and Trade's TechFutures Program and the Futurpreneur Canada Loan Program.

Service and Regulatory Innovation and Service Delivery Partnerships

The Business Services Division researches, identifies, promotes and develops innovative approaches and practices for streamlining service delivery and alleviating paperwork burden for businesses and employers. Innovations may be technology, people or process-focused and are frequently the result of collaborative efforts with other provincial, public, or private sector organizations, in Manitoba or from other jurisdictions across Canada.

In addition, the Division leads and coordinates, in collaboration with stakeholders, service delivery partnerships with the goal of enhancing and optimizing provincial service delivery resources. These partnerships strengthen service delivery processes and approaches and help to improve the overall accessibility of the province's business services.

Manitoba Business Links

The Business Services Division is responsible for the administration, use and expansion of the national Business Number (BN) in Manitoba, which includes administering the MB Hub, a database and network infrastructure that interconnects the participating program areas in Manitoba to the Canada Revenue Agency.

Manitoba Data Analytics

The Business Services Division continues to explore the development of a new Agency function centred on Big Data. The Manitoba Big Data initiative seeks to link prioritized Government of Manitoba business problems with potential Big Data analytic solutions.

Highlights and Achievements

2015/2016 INITIATIVES

Highlights and Achievements 2015/16

COMPANIES ONLINE SYSTEM

In 2015/16 the Companies Office continued to implement the Companies Online System (COS), a software system which will replace legacy systems and improve customer service by enabling various filings and other transactions to be carried out online. A first release is expected early in 2017.

RED TAPE REDUCTION INITIATIVES

In 2015/16, Entrepreneurship Manitoba promoted and supported red tape reduction through several initiatives. These included supporting the Manitoba Employers Council (MEC) advisory committee on red tape reduction in its work on identifying and developing best practices in regulation making, and in finalizing its pilot project report on the analysis of regulatory requirements impacting the convenience stores sector of Manitoba.

Entrepreneurship Manitoba also collaborated with the Standards Council of Canada (SCC) through its Provincial/Territorial Advisory Council, to explore the use of standards referenced in Manitoba regulations as a way to promote trade and the economy, while protecting the environment and the health and safety of Manitobans.

Entrepreneurship Manitoba successfully led an inter-jurisdictional initiative "Expedited Business Start Project", funded by the FPT Public Sector Service Delivery Council. Expedited business start bundles are intended to make it easier and faster for entrepreneurs to start a business.

ONLINE SERVICE ENHANCEMENTS

In 2015/16, Entrepreneurship Manitoba continued to enhance its website and online service offerings. The Agency integrated BizPaL functionality into its website allowing for a more seamless service experience, and developed additional content and guides for entrepreneurs on a variety of business topics that support launching and growing SMEs.

To increase awareness of financial support programs for business, the Agency developed an online directory that includes information on financial support programs for business delivered by the Government of Manitoba, the Government of Canada and non-governmental organizations (NGOs). The Agency's website received 105,000 page views in 2015/16, an increase of 365 per cent from the previous year.

The Agency also implemented measures to ensure content quality and consistency, and collaborated with newly amalgamated municipalities to include their updated information in the BizPaL system.

ONLINE BUSINESS PLANNING VIDEO SERIES

Entrepreneurship Manitoba, in partnership with Futurpreneur Canada, developed a ten-part online business planning video series, allowing Manitoba entrepreneurs with online access to develop the core business fundamentals required to start and operate a business. The video series was launched on YouTube in December 2015. As of March 31, 2016, the video series has been viewed 7,550 times.

DEPLOYMENT OF THE BUSINESS NUMBER APPLICATION (BNAP) FOR INCREASED BUSINESS NUMBER ADOPTION

Entrepreneurship Manitoba has developed a new *Business Number Application* (BNap) to facilitate business number (BN) adoption for smaller program areas and eliminate the need for costly interfaces between the adopting program's ICT system and the Business Number Hub. The BNap interface will promote greater BN adoption resulting in reduced red tape and streamlining of programs and services.

The Agency also partnered with Manitoba Growth, Enterprise and Trade's Science, Innovation and Business Development Branch to make use of the BN for the Manitoba Interactive Digital Media Tax Credit program, as well as worked with the Workplace Safety and Health Branch to strategically adopt the BN into its future programming.

LAUNCH OF THE MORDEN BUSINESS GATEWAY

Entrepreneurship Manitoba and the City of Morden launched the Morden Business Gateway in September 2015. The new Gateway increases the outreach and accessibility to the Agency's programs and services to entrepreneurs and businesses located in south central Manitoba.

FUTURPRENEUR CANADA PARTNERSHIP

Since 2013, Entrepreneurship Manitoba has served as a Futurpreneur Canada *Community Partner*, assisting Futurpreneur Canada with the business plan assessment, loan application adjudication services, and promotion of the Futurpreneur Canada Loan Program in Manitoba.

Entrepreneurship Manitoba and Manitoba Growth, Enterprise and Trade entered into a two-year service delivery agreement with Futurpreneur Canada in May 2015 in support of the *Unlocking the Power of Youth Entrepreneurship to Build a Stronger Manitoba* pilot project.

The initiative is responsible for providing business advisory services and promoting self-employment and entrepreneurship as a viable career option to youth ages 18-39 in rural and northern Manitoba communities.

For the period of May 2015 to March 31, 2016, the pilot project has resulted in 11 new business starts in rural Manitoba, creating 16 full-time and 11 part-time jobs, and has resulted in \$247.0 of investment leveraged in Manitoba.

SMALL BUSINESS WEEK 2015

Small Business Week is an annual celebration championed by the Business Development Bank of Canada (BDC) with the support of public and private partnerships. The week-long celebration recognizes the achievements of Canadian entrepreneurs and their contribution to Canada's economy.

In October 2015, Entrepreneurship Manitoba and the BDC co-hosted a Small Business Week luncheon in Winnipeg, as well as supported the Brandon Chamber of Commerce's Small Business Week luncheon event held in Brandon.

The successful events featured networking opportunities for entrepreneurs and inspiring keynote speakers. The Winnipeg event also hosted an exhibitor space featuring Chambers of Commerce, financial institutions, credit unions, business service providers and government departments. These two events were attended by over 500 members of Manitoba's business community.

Manitoba Growth, Enterprise and Trade's Century Business Recognition Award recipients were named and celebrated for their outstanding achievement of operating a business in Manitoba for 100 years or more.

ADDITIONAL SKILLS DEVELOPMENT PROGRAMMING FOR NEW BUSINESS IMMIGRANTS

Entrepreneurship Manitoba's Business Settlement Office continued to implement its educational and training plan designed to support business immigrants in their efforts to establish a business in Manitoba.

The popular Workshop Series for New Business Immigrants which introduces participants to business research, business law and business finance, and is now available in English, Korean, Mandarin and Farsi. In February 2015, the Business Settlement Office launched the "Business Investment through Business Immigration" weekly information seminar.

This optional seminar is designed to serve the needs of potential foreign business investors who wish to explore the opportunity to immigrate and invest in Manitoba. A total of 38 seminars were held in 2015/2016 for 318 participants.

FRANCOPHONE BUSINESS PROMOTION AND DEVELOPMENT INITIATIVE

In September 2015, Entrepreneurship Manitoba, Manitoba Trade and Investment, Manitoba Growth, Enterprise and Trade and the Francophone Affairs Secretariat entered into a one-year funding agreement with the World Trade Centre Winnipeg (WTCW) in support of the *Strategy for Francophone Business Promotion and Development* initiative.

WTCW's *Strategy for Francophone Business Promotion and Development* promotes Manitoba and its competitive advantages to targeted Francophone markets at the national and international levels. In addition, the initiative resulted in the development and delivery of French language entrepreneurial training workshops in francophone communities. Entrepreneurship Manitoba administers the project on behalf of the Manitoba Government.

Summary of Operational Activities / Performance Indicators

SUMMARY OF OPERATIONAL ACTIVITIES / PERFORMANCE INDICATORS

REQUESTS FOR SERVICE - COMPANIES OFFICE

During the fiscal year 2015/16 Office staff responded to 299,362 requests for services compared to 290,550 requests last year. These include document filings, phone inquiries and in-person searches of files as outlined in the chart below.

Comparative Operating Statistics				
	2015/2016	2014/2015	2013/2014	2012/2013
New Incorporations	4,896	4,593	5,012	4,584
Amendments	1,314	1,248	1,242	1,160
New Registrations - Non Manitoba Corporations	1,055	951	1,025	1,045
Business Name Registrations	7,001	6,614	6,876	6,774
Personal Counter Searches of Corporate and Business Files	3,806	3,809	4,801	3,650
Name Reservations Requests	16,128	15,700	15,672	14,696
Annual Returns Processed	69,145	74,146	64,943	67,753
Telephone Inquiries	53,949	53,961	57,702	58,860
Customers Served at Counter	27,257	29,200	23,673	26,720
Active Corporate and Business Name Records	127,517	124,430	133,120	119,663

Interested clients also accessed the Office's file information from computer terminals outside the Companies Office seven days a week. Public use of this service was substantial with 931,447 inquiry transactions occurring in 2015/16. This service is convenient for clients as it is quicker and easier than attending the office.

The first level of appeals from name registration decision is to the Director of the Office. During the fiscal year, there were 23 objections to both registered and unregistered names, up from 28 the previous year.

PERFORMANCE INDICATORS - COMPANIES OFFICE

The Companies Office endeavours to process customer service requests in an efficient and effective manner. In the 2016/17 fiscal year, the Office will continue to monitor and improve processing times through continued investments in technology, and by seeking out processing efficiencies where possible.

Registry Services Processing Times				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2016	RESULTS March 31, 2016
To process customer service requests in an efficient and effective manner.	Employ strategies that will decrease cycle time.	Cycle time for processing:		
		a) Business Name Registrations	a) Business Name Registrations: 4 working days	a) Business Name Registrations: 1 working days
		b) Corporate Documents	b) Incorporations: 4 working days	b) Incorporations: 13 working days
		c) Annual Returns	c) Annual Returns: 12 working days	c) Annual Returns: 18 working days

ENHANCED BUSINESS SERVICES

In 2015/16, the Business Services Division assisted 13,768 clients through 20,261 interactions. Interactions are comprised of requests for business information and business counselling on various topics including start-up, growth, business succession, financing, marketing and human resource management. Furthermore, Entrepreneurship Manitoba facilitated 65 business investments by providing supports to business immigrants originating from the Provincial Nominee Program for Business, for a total investment of \$20.5M.

Enhanced Business Services Activities				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2016	RESULTS March 31, 2016
Business Counselling Services	Adequate Promotion	Number of clients counselled	Business counselling services provided to 5,000 clients	13,768 clients counselled
Provide enhanced business services to start-up and existing businesses	Public Awareness Quality of enhanced business services provided	Number of client interactions	Approximately 10,000 client interactions	20,261 client interactions
Increase the number of business immigrants from the PNPB that fulfill program requirements	Businesses started	Number of businesses that are started according to terms & conditions; percentage of all case files that are closed with a successful start of a business.	80 business immigrants	65 refunds 22 new businesses 23 existing businesses (acquired) \$20.5 million in initial investments

ACCESS TO CAPITAL

Entrepreneurship Manitoba administers three financial support programs on behalf of the Manitoba Government; the Manitoba Business Start Loan Guarantee Program, which provides loan guarantees up to \$30,000 through participating financial institutions; the Journeyperson Business Start Program, which provides successful applicants with a grant of up to \$2,500 towards launching a trade-related business in rural Manitoba, and the Manitoba Film Loan Guarantee, program which provides loan guarantees towards projects filmed in Manitoba.

In 2015/16 the Agency issued 47 Business Start loan guarantees for a total aggregate amount of \$1.33M, creating 151 full and part-time jobs.

Access to Capital				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2016	RESULTS March 31, 2016
Manitoba Business Start Loan Guarantee Program Provide Manitoba businesses access to working capital to start a business	Partnerships with lenders and level of participation by lenders Public awareness	Number of jobs created under the Business Start Loan Guarantee Program Financing and investment dollars leveraged through the Business Start Loan Guarantee Program	Creation of 100 full-time and part-time jobs Provide access to funding to approximately 35 business start clients for total aggregate loan guarantee financing of \$1.0M	151 full-time and part-time jobs 47 loans for a total aggregate loan guarantee financing of \$1.33M.
Manitoba Film Loan Guarantee Program Provide production companies access to financing	Favourable Canadian dollar to attract film productions to Manitoba Manitoba Film and Video Production Tax Credit eligibility Partnerships with lenders and level of participation by lenders	Financing and investment dollars leveraged through Manitoba Film Loan Guarantee Program Total investment dollars from the business start-up	Access to funding for two to three films or television program productions for total aggregate loan guarantee financing of \$200.0	0 loan guarantees
Journeyperson Business Start Program Provide Manitoba rural journeypersons access to capital to start a trade-related business	Adequate promotion Public awareness	Total investment dollars from the business start-up	25 grants issued for a total aggregate amount of \$62.5 Leveraged investment dollars of \$500.0	11 grants for a total aggregate amount of \$27.0 Total leveraged investment dollars of \$373.2

ENTREPRENEURIAL TRAINING

Entrepreneurship Manitoba develops and delivers a wide range of business courses, seminars and workshops for entrepreneurs seeking to improve their entrepreneurial and business management skills.

In 2015/16, the Agency delivered a total of 131 training sessions attended by 1,987 participants.

Entrepreneurial Training Activities				
OBJECTIVES	CRITICAL SUCCESS FACTORS	PERFORMANCE MEASURES	PERFORMANCE TARGETS March 31, 2016	RESULTS March 31, 2016
Provide networking events and training seminars for immigrant entrepreneurs	Increased capacity by immigrant investors to start businesses	Number of events, seminars and attendees	2 networking events 6 workshops 30 weekly seminars	1 networking events delivered 3 workshops 38 seminars Total of 42 events
Business Skills Development seminars, workshops and Info-sessions	High quality, high value programming	Number of seminars delivered	Delivery of 28 seminars	34 seminars 48 info-sessions 7 webinars Total of 89 seminars
Provide training and business skills development to Manitoba entrepreneurs through seminars and workshops	Variety of delivery methods (in person, online, on-site) Adequate promotion	Number of participants in seminars	450 participants	449 business immigration seminar participants 1,538 seminar participants Total of 1,987 seminar participants
Three-day Business Planning Workshop	Provide workshops which: 1) are good quality 2) present appropriate topics 3) have knowledgeable speakers	Number of Business Planning Workshops delivered in Winnipeg and rural Manitoba Number of participants at Business Planning Workshop	Delivery of 24 Business Planning Workshops in Winnipeg and rural Manitoba Attended by approximately 460 participants	22 Business Planning Workshops delivered 493 participants

BUSINESS IMMIGRATION SERVICES

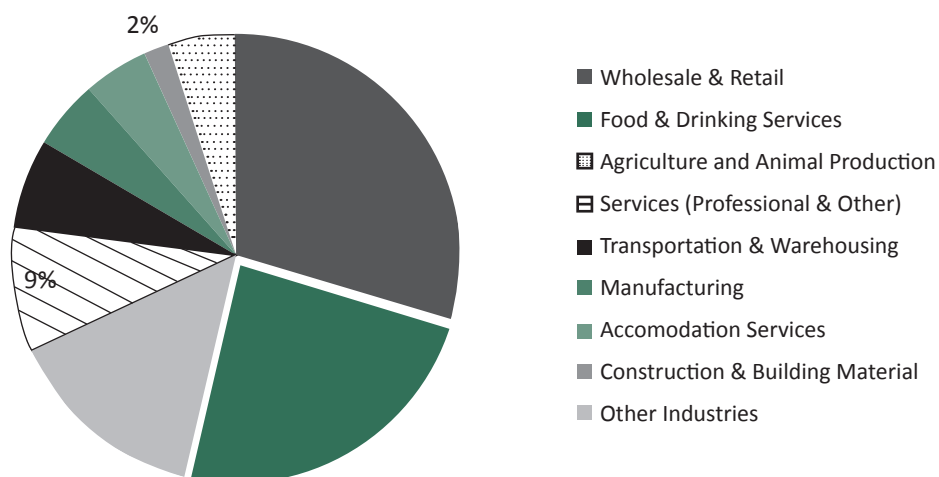
In 2015/16, Entrepreneurship Manitoba facilitated 65 investments by business immigrants originating from the Provincial Nominee Program for Business, creating 63 new jobs and retaining 122 jobs throughout Manitoba's communities.

The 65 investments resulted in 22 new business start-ups and 23 business acquisitions, primarily in wholesale, retail and food services.

Initial Business Investments	2015/2016	Since inception
No. of investments	65	828
Value (ooo)	\$20,539	\$275,489
Deposits released	\$5,475	\$61,804

Job Creation 2015/2016	New	Existent (acquisitions)
Businesses	22	23
Jobs	63	122

INVESTMENTS BY INDUSTRY



Financial Results

Summary of Financial Results

Revenue

Expenses

SUMMARY OF FINANCIAL RESULTS

Entrepreneurship Manitoba reported revenues of \$11,594, an increase of \$719 over budget, and a net income from operations of \$3,637, an increase of \$847 over budget, for the year ended March 31, 2016.

ENTREPRENEURSHIP MANITOBA 2015/16 Financial Summary (in thousands)			
	Actual 2015/2016	Budget 2015/2016	Over (Under) Budget
Total Net Revenue	\$11,594	\$10,875	\$719
Salaries and Benefits	4,400	4,322	(78)
Operating Expenses	3,549	3,753	(204)
Amortization	8	10	(2)
Income from Operations	3,637	2,790	847
Transfer of Funds to Province of Manitoba	2,500	2,500	-
Net Income (Deficit)	1,137	290	847

REVENUE

Total net revenue for the year ended March 31, 2016 was \$11,594 or \$719 greater than budget. Increase in activity in annual returns and new business registrations account for the difference.

EXPENSES

The following is an explanation of significant variances to budget.

Actual to Budget

- Increase in the Manitoba Business Start Loan Guarantee Program loan provision of \$48 for a total provision amount of \$831.
- Salaries and Benefits were \$78 greater than budget due to retroactive wage increases resulting from the new Manitoba Government and General Employees' Union (MGEU) Collective Agreement.

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Management's Responsibility for Financial Reporting

The accompanying financial statements are the responsibility of management of Entrepreneurship Manitoba and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgments regarding all necessary estimates and all other data available as at May 30, 2016.

Management maintains internal controls to properly safeguard the assets of Entrepreneurship Manitoba and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The financial statements of Entrepreneurship Manitoba have been audited by Magnus Chartered Accountants LLP, independent external auditors. The responsibility of the auditor is to express an independent opinion on whether the financial statements of Entrepreneurship Manitoba are fairly represented, in all material respects, in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion on the financial statements.

On behalf of Management of
Entrepreneurship Manitoba

original signed by

Craig Halwachs
Chief Operating Officer

original signed by

David Rudy
Chief Financial Officer

INDEPENDENT AUDITOR'S REPORT

To the Special Operating Agencies Financing Authority
and Entrepreneurship Manitoba

Report on the Financial Statements

We have audited the accompanying financial statements of Entrepreneurship Manitoba, an agency of the Government of Manitoba, which comprise the statements of financial position as at March 31, 2016 and the statements of operations, change in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Entrepreneurship Manitoba as at March 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

May 30, 2016
Winnipeg, Canada

original signed by
Magnus Chartered Accountants LLP

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA

Statement of Financial Position

(in thousands)

March 31, 2016

	2016 Actual	2015 Actual
Financial assets		
Cash and cash equivalents	\$ 8,449	\$ 6,769
Trade accounts receivable	324	225
Portfolio investments	735	1,445
	9,508	8,439
Liabilities		
Accounts payable and accrued liabilities	951	331
Accrued vacation entitlements	483	401
Provision for loan guarantees (Note 4)	831	783
Employee future benefits (Note 5)	496	430
Borrowings from the Province of Manitoba (Note 6)	1,847	2,177
	4,608	4,122
Net financial assets	4,900	4,317
Non-financial assets		
Tangible capital assets (Note 7)	5,260	4,703
Prepaid expenses	11	12
Inventories of supplies	39	41
	5,310	4,756
Accumulated surplus	\$ 10,210	\$ 9,073

Designated assets (Note 8)

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA

Statement of Operations

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Revenue:			
Fees and services	\$ 9,105	\$ 9,801	\$ 9,430
Immigration settlement transfer	1,750	1,750	1,750
Investment income	20	43	56
	10,875	11,594	11,236
Expenses:			
Salaries and employee benefits	4,322	4,400	3,931
Operating expenses (Schedule 1)	3,753	3,549	3,483
Amortization of tangible capital assets	10	8	5
	8,085	7,957	7,419
Net income before transfer of funds to the Province of Manitoba	2,790	3,637	3,817
Transfer of funds to the Province of Manitoba (Note 9)	2,500	2,500	2,500
Net income for the year	290	1,137	1,317
Accumulated surplus, beginning of year	8,091	9,073	7,756
Accumulated surplus, end of year	\$ 8,381	\$ 10,210	\$ 9,073

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA

Statement of Change in Net Financial Assets

(in thousands)

Year ended March 31, 2016

	2016 Budget	2016 Actual	2015 Actual
Net income for the year	\$ 290	\$ 1,137	\$ 1,317
Tangible capital assets:			
Acquisition of tangible capital assets	(1,440)	(565)	(504)
Amortization of tangible capital assets	10	8	5
Net acquisition of tangible capital assets	(1,430)	(557)	(499)
Other non-financial assets:			
Change in prepaid expenses during the year	-	1	1
Change in inventories of supplies during the year	-	2	(7)
Net acquisition of other non-financial assets	-	3	(6)
(Decrease) increase in net financial assets	(1,140)	583	812
Net financial assets, beginning of year	3,139	4,317	3,505
Net financial assets, end of year	\$ 1,999	\$ 4,900	\$ 4,317

See accompanying notes to financial statements.

ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA

Statement of Cash Flow

(in thousands)

Year ended March 31, 2016

	2016 Actual	2015 Actual
Cash provided by (applied to)		
Operating activities:		
Net income for the year	\$ 1,137	\$ 1,317
Adjustment for:		
Amortization of tangible capital assets	8	5
	1,145	1,322
Changes in the following:		
Accounts receivable	(99)	150
Receivable from the Province of Manitoba	-	213
Prepaid expenses	1	1
Inventories of supplies	2	(7)
Accounts payable and accrued liabilities	620	(181)
Provision for loan guarantees	48	139
Accrued vacation entitlements	82	16
Employee future benefits	66	28
Cash provided by operating activities	1,865	1,681
Capital activities:		
Capital asset additions	(565)	(504)
Cash (applied to) capital activities	(565)	(504)
Financing activities:		
Debt repayments to the Province of Manitoba	(330)	(330)
Cash (applied to) financing activities	(330)	(330)
Investing activities:		
Change in portfolio investments	710	610
Cash provided by investing activities	710	610
Change in cash and cash equivalents	1,680	1,457
Cash and cash equivalents, beginning of year	6,769	5,312
Cash and cash equivalents, end of year	\$ 8,449	\$ 6,769

See accompanying notes to financial statements.

**ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

1. Nature of organization

Effective April 1, 2013, Entrepreneurship Manitoba (the "Agency") commenced operations as a Government of Manitoba Special Operating Agency (SOA) under *The Special Operating Agencies Financing Authority Act* (C.C.S.M. cS185) by Order in Council No. 78/2013. The Agency integrates the operations of the former Companies Office and Manitoba Growth, Enterprise and Trade's Small Business Development Branch, Competitiveness Initiatives Branch and the Business Settlement Office of the Business Immigration and Investment Branch.

The Agency is in the department of Growth, Enterprise and Trade and is under the policy direction of the Minister, the Deputy Minister, and the Assistant Deputy Minister of Manitoba Growth, Enterprise and Trade. The Agency remains bound by relevant legislation and regulations. The Agency is also bound by administrative policy except where specific exemptions have been provided for in its operating charter in order to meet business objectives.

2. Basis of accounting

These financial statements have been prepared in accordance with Canadian public sector accounting standards which are Canadian generally accepted accounting principles for the public sector as recommended by the Public Sector Accounting Board.

3. Summary of significant accounting policies

(a) Revenue

Fees and services

Fees and services revenue is recognized when the rendering of services is complete or substantially complete and when collection is reasonably assured.

Government transfers

Government transfers without eligibility criteria or stipulations are recognized as revenue when the transfer is authorized.

Government transfers with eligibility criteria but without stipulations are recognized as revenue when the transfer is authorized and all eligibility criteria have been met.

Government transfers with or without eligibility criteria but with stipulations are recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to a liability.

Other revenue

Investment income and all other revenue is recognized on an accrual basis.

(b) Expenses

Expenses

All expenses incurred for goods and services are recognized on an accrual basis when the related goods or services are received.

**ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

3. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized as expenses in the period in which the transfers are authorized and all eligibility criteria have been met.

(c) Financial assets

Cash and cash equivalents

Cash and cash equivalents include cash on hand and short term investments and deposits with original maturities of three months or less.

Accounts receivable

Accounts receivable are recorded at the lower of cost and net realizable value. An allowance for doubtful accounts is recorded when there is uncertainty whether the amounts will be collected.

Portfolio investments

Portfolio investments are deposits or investments with original maturities of greater than three months. These investments are recognized at cost.

(d) Liabilities

Liabilities are present obligations as a result of transactions and events occurring at or prior to the end of the fiscal year the settlement of which will result in the future transfer or use of assets or other form of settlement. Liabilities are recognized when there is an appropriate basis of measurement and a reasonable estimate can be made of the amount involved.

(e) Non-financial assets

Non-financial assets do not normally provide resources to discharge existing liabilities of the Agency. These amounts are normally employed to provide future services.

Tangible capital assets

Tangible capital assets are recognized at cost. Cost includes the purchase price as well as other acquisition costs. The costs of tangible capital assets, less any residual value, are amortized over their estimated useful lives as follows:

Computer equipment and software	20% straight line (10% in year of acquisition)
Office equipment	20% straight line (10% in year of acquisition)
Furniture and fixtures	20% straight line (10% in year of acquisition)
Leasehold improvements	20% straight line (10% in year of acquisition)
System development costs	15 years straight line

**ENTREPRENEURSHIP MANITOBA
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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

3. Summary of significant accounting policies (continued)

Prepaid expenses

Prepaid expenses are payments for goods or services that will provide economic benefits in future periods. The prepaid amount is recognized as an expense in the period the goods or services are consumed.

Inventories of supplies

Inventories of supplies are recorded at cost and recognized as an expense in the period the supplies are used or consumed.

(f) Financial instruments - measurement

Financial instruments are classified into one of two measurement categories: (a) fair value; or (b) cost or amortized cost.

The Agency records its financial assets at cost. Financial assets include cash and cash equivalents, trade accounts receivable and portfolio investments. The Agency also records its financial liabilities at cost. Financial liabilities include accounts payable and accrued liabilities and borrowings.

Gains and losses on financial instruments measured at cost or amortized cost are recognized in the statement of operations in the period the gain or loss occurs. Gains and losses on financial instruments measured at fair value, if any, are recorded in accumulated surplus as remeasurement gains and losses until realized. Upon disposition of the financial instruments, the cumulative remeasurement gains and losses are reclassified to the statement of operations.

(g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from these estimates.

4. Provision for loan guarantees

Effective April 1, 2013, responsibility for the Province's Manitoba Business Start Loan Guarantee Program was transferred to the Agency. Losses on these loan guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the provision for loan losses is determined by taking into consideration the Program's historical loss experience and current economic conditions. Any increase or decrease in the provision is recognized in operating expenses for the year.

Under *The Loan Act*, the Province guarantees loans up to \$30 each made by participating financial institutions to new owner-managed businesses operating in Manitoba. Business Start Loans are five year term loans at prime plus 1% interest with a one year deferral on principal repayment. In the event of a Business Start Loan default within the five year term, the lender can make a claim for the outstanding loan balance and up to 120 days of interest. When the Agency makes a claim payment, the lender will assign the defaulted loan to the Agency, which allows for potential recovery from the borrower by the Agency.

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

4. Provision for loan guarantees (continued)

As at March 31, 2016, the following debt has been guaranteed under the Manitoba Business Start Loan Guarantee Program (2015 - principal outstanding of \$3,561):

	Revolving authorized limit	Principal outstanding
Business Start Loans under <i>The Loan Act</i>	\$ 5,000	\$ 3,779

As at March 31, 2016, the Agency has recorded a provision of \$831 for these loan guarantees (2015 - \$783). The increase in the provision of \$48 (2015 - \$139) represents the loan guarantee losses recognized as an expense during the year. In addition, the Agency made total loan guarantee payments during the year of \$222 (2015 - \$131) for total loan guarantee losses and payments during the year of \$270 (2015 - \$270).

As at March 31, 2016, no amounts receivable relating to defaulted loans assigned to the Agency are included in these financial statements due to the uncertainty of recovering any amounts relating to these defaulted loans (2015 - \$nil). Recoveries, if any, will be recognized in the period in which payments are received.

5. Employee future benefits

	2016	2015
Severance benefits	\$ 437	\$ 371
Sick pay benefits	59	59
	\$ 496	\$ 430

Pension benefits

Employees of the Agency are eligible for pension benefits in accordance with the provisions of the *Civil Service Superannuation Act* (CSSA), administered by the Civil Service Superannuation Board. The CSSA established a defined benefit plan to provide benefits to employees of the Manitoba Civil Service and to participating agencies of the Government, including the Agency, through the Civil Service Superannuation Fund.

Effective March 31, 2001, pursuant to an agreement with the Province of Manitoba, the Agency transferred to the Province the pension liability for its employees. Commencing April 1, 2001, the Agency was required to pay to the Province an amount equal to its employees' current pension contributions. The amount paid for 2016 was \$256 (2015 - \$217). Under this agreement, the Agency has no further pension liability.

Severance benefits

Effective April 1, 1998, the Agency began recording accumulated severance pay benefits for its employees. The amount of the severance benefit obligation is based on actuarial calculations. The periodic actuarial valuations of these liabilities may determine that adjustments are needed to the actuarial calculations when actual experience is different from that expected and/or because of changes in actuarial assumptions used. The resulting actuarial gains or losses are amortized over the expected average remaining service life (EARSL) of the related employee group.

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

5. Employee future benefits (continued)

An actuarial report was completed for the severance pay liability as of March 31, 2014. The report provides a formula to update the liability on an annual basis. In accordance with the formula, the Agency's actuarially determined net liability for accounting purposes as at March 31, 2016 is \$437 (2015 - \$371), with the total actuarial losses of \$168 (2015 - \$168) based on the completed actuarial reports being amortized over the 15 year EARSL of the employee group.

Significant long-term actuarial assumptions used in the March 31, 2014 valuation, and in the determination of the March 31, 2016 present value of the accrued severance benefit obligation, are:

Annual rate of return:	
Inflation component	2.00%
Real rate of return	4.00%
	6.00%
Assumed salary increase rates:	
Annual productivity increase	1.00%
Annual general salary increase	2.75%
	3.75%

The severance benefit liability as at March 31 includes the following components:

	2016	2015
Accrued benefit liability, beginning of year	\$ 496	\$ 394
Actuarial (gains) losses	-	85
Current period service costs	25	25
Interest on accrued benefits	30	29
Severance benefits paid	-	(37)
Accrued benefit liability, end of year	551	496
Less: unamortized actuarial losses	(114)	(125)
Severance benefit liability, end of year	\$ 437	\$ 371

The total expense related to severance benefits for the year ended March 31 includes the following components:

	2016	2015
Current period service costs	\$ 25	\$ 25
Interest on accrued benefits	30	29
Amortization of actuarial losses over EARSL	11	11
Total expense related to severance benefits	\$ 66	\$ 65

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

5. Employee future benefits (continued)

Sick pay benefits

The Agency provides sick leave benefits for employees that accumulate but do not vest. The accrued benefit liability related to sick leave entitlements earned by employees is determined using a valuation model developed by an actuary. The valuation is based on employee demographics, sick leave usage and actuarial assumptions. These assumptions include a 6.00% annual return and a 3.75% annual salary increase. The Agency's sick leave benefit liability as at March 31, 2016 based on the valuation model is \$59 (2015 - \$59). The increase in the sick leave benefit liability of \$nil (2015 - \$nil) represents the total sick leave benefit expense for the year.

6. Borrowings from the Province of Manitoba

By virtue of the Management Agreement, the Agency is responsible for the repayment of debts assumed by the Special Operating Agencies Financing Authority (SOAFA) on its behalf. SOAFA holds the debt instruments listed below on behalf of the Agency.

Borrowings obtained through the use of available Loan Act Authority are repayable in quarterly instalments of principal and interest as follows:

	2016	2015
4.0% repayable in quarterly instalments of \$33 principal plus interest, maturing in 2021	\$ 665	\$ 798
3.0% repayable in quarterly instalments of \$49 principal plus interest, maturing in 2022	1,182	1,379
	\$ 1,847	\$ 2,177

Interest is measured using the effective interest method. Approximate scheduled principal payments in each of the next five years are as follows:

2017	\$ 330
2018	330
2019	330
2020	330
2021	330

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

7. Tangible capital assets

	2016			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer equipment and software	\$ 119	\$ -	\$ -	\$ 119
Office equipment	16	6	-	22
Furniture and fixtures	145	-	-	145
Leasehold improvements	40	-	-	40
System development costs	4,686	559	-	5,245
	\$ 5,006	\$ 565	\$ -	\$ 5,571
Accumulated amortization				
Computer equipment and software	(111)	(4)	-	(115)
Office equipment	(16)	(1)	-	(17)
Furniture and fixtures	(136)	(3)	-	(139)
Leasehold improvements	(40)	-	-	(40)
	\$ (303)	\$ (8)	\$ -	\$ (311)
Net book value	\$ 4,703	\$ 557	\$ -	\$ 5,260

During the year, system development costs were capitalized in the amount of \$559 (2015 - \$504). The total cost of tangible capital assets not subject to amortization as at March 31, 2016 is \$5,245 (2015 - \$4,686). Amortization will commence when development is complete and the system is available for use. During the year ended March 31, 2016, the Government of Manitoba signed a statement of work agreement for the completion of the implementation phase of the new system for a total fixed cost of \$860 pursuant to this agreement.

ENTREPRENEURSHIP MANITOBA
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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

7. Tangible capital assets (continued)

	2015			
	Opening Balance	Additions	Disposals	Closing Balance
Cost				
Computer equipment and software	\$ 119	\$ -	\$ -	\$ 119
Office equipment	16	-	-	16
Furniture and fixtures	145	-	-	145
Leasehold improvements	40	-	-	40
System development costs	4,182	504	-	4,686
	\$ 4,502	\$ 504	\$ -	\$ 5,006
Accumulated amortization				
Computer equipment and software	(107)	(4)	-	(111)
Office equipment	(16)	-	-	(16)
Furniture and fixtures	(135)	(1)	-	(136)
Leasehold improvements	(40)	-	-	(40)
	\$ (298)	\$ (5)	\$ -	\$ (303)
Net book value	\$ 4,204	\$ 499	\$ -	\$ 4,703

8. Designated assets

As at March 31, 2016, the Agency has a total of \$1,075 (2015 - \$1,075) of its cash and cash equivalents and portfolio investments designated for specific purposes as described below.

The Agency has allocated \$218 of its portfolio investments as designated assets for cash received from the Province of Manitoba for the vacation entitlements earned by employees of the former Companies Office prior to its designation as an SOA and the severance pay benefits accumulated to March 31, 1998 for certain employees. In addition, \$213 was received from the Province of Manitoba for vacation and severance benefits transferred to the Agency relating to the reorganization effective April 1, 2013. These amounts are held in interest bearing trust accounts until the cash is required to discharge the related liabilities for severance and vacation entitlements. Any unused balance is re-invested annually.

Also relating to the reorganization effective April 1, 2013, \$644 was received from the Province of Manitoba for the total provision for loan guarantees transferred to the Agency as of this date. This amount is also held in an interest bearing trust account until cash is required to discharge the related liabilities for loan guarantees.

**ENTREPRENEURSHIP MANITOBA
AN AGENCY OF THE PROVINCIAL GOVERNMENT
PROVINCE OF MANITOBA**

Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

9. Transfer of funds to the Province of Manitoba

During the year, with Lieutenant-Governor-in-Council approval by Order in Council, the Agency transferred \$2,500 (2015 - \$2,500) of its surplus funds to the Province of Manitoba. These amounts are recorded as an expense in the statement of operations.

10. Financial instruments and financial risk management

The Agency does not have any significant financial instruments subsequently measured at fair value or denominated in a foreign currency therefore the Agency did not incur any remeasurement gains or losses during the year (2015 - \$nil).

Financial risk management - overview

The Agency has exposure to the following risks from its use of financial instruments: credit risk; liquidity risk; market risk; interest rate risk; and foreign currency risk.

Credit risk

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments which potentially subject the Agency to credit risk consist principally of cash and cash equivalents, accounts receivable and portfolio investments.

The maximum exposure of the Agency to credit risk as at March 31 is:

	2016	2015
Cash and cash equivalents	\$ 8,449	\$ 6,769
Accounts receivable	324	225
Portfolio investments	735	1,445
	<u>\$ 9,508</u>	<u>\$ 8,439</u>

Cash and cash equivalents and portfolio investments: The Agency is not exposed to significant credit risk as the cash and cash equivalents and portfolio investments are primarily held by the Minister of Finance.

Accounts receivable: The Agency is not exposed to significant credit risk as the balance of the accounts receivable is due from a large client base and payment in full is typically collected when it is due. The Agency manages this credit risk through close monitoring of any overdue accounts.

The Agency establishes an allowance for doubtful accounts that represents its estimate of potential credit losses. The allowance for doubtful accounts is based on management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off.

There was no change in the allowance for doubtful accounts during the year and the balance at March 31, 2016 is \$nil (2015 - \$nil).

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Notes to Financial Statements

(in thousands)

Year ended March 31, 2016

10. Financial instruments and financial risk management (continued)

The aging of accounts receivable and allowance for doubtful accounts at March 31, 2016 is as follows:

	Accounts receivable	Allowance	Net
Current	\$ 314	\$ -	\$ 314
30-60 days past the billing date	3	-	3
61-90 days past the billing date	3	-	3
Over 90 days past the billing date	4	-	4
	\$ 324	\$ -	\$ 324

Liquidity risk

Liquidity risk is the risk that the Agency will not be able to meet its financial obligations as they come due.

The Agency manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet its obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates, will affect the Agency's income or the fair values of its financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to cash and cash equivalents and portfolio investments.

The interest rate risk on cash and cash equivalents is considered to be low due to their short-term nature. The interest rate risk on portfolio investments is considered low as the original deposits are reinvested at rates for investments with similar terms and conditions.

The Agency manages its interest rate risk on borrowings through the exclusive use of fixed rate terms for its borrowings.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Agency is not exposed to significant foreign currency risk as it does not have any significant financial instruments denominated in a foreign currency.

11. Comparative information

Certain of the amounts for the year ended March 31, 2015 have been reclassified to conform to the financial statement presentation adopted for the current year.

ENTREPRENEURSHIP MANITOBA
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Schedule of Operating Expenses

Schedule 1

(in thousands)

Year ended March 31, 2016

	2016	2015
Advertising and brochures	\$ 13	\$ 20
Audit fees	9	11
Bad debts	1	2
Bank and credit card charges	73	55
Communications and telephone	84	78
Commissioner for Oath and Notary Public fees	135	140
Computer expenses	151	176
Computer programming	243	252
Conference/convention registration fees	1	2
Consulting	25	-
Desktop support costs	232	234
Disaster recovery and electronic storage	55	45
Education and training expenses	29	23
Equipment maintenance and rentals	12	3
Grants and sponsorships	66	18
Hall rentals	17	20
Hospitality	1	2
Insurance expense	14	16
Interest on borrowings	69	80
Legal services	68	47
Library materials	23	21
Loan guarantee losses and payments (Note 4)	270	270
Manitoba Business Links, net of recoveries	169	237
Miscellaneous expenses	136	51
Name search applications	195	161
New system costs - BSI allocation	823	871
Occupancy costs	285	309
Payroll processing	21	21
Postage and courier	79	78
Promotional materials	7	19
Publications	22	25
Seminar hall rental	32	27
Stationery and supplies	101	100
Subscriptions	6	7
Translation services	5	2
Travel and transportation	49	46
Truck	2	-
Website hosting fees	5	1
Workshops	21	13
	\$ 3,549	\$ 3,483

